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Consulting

Embracing Change

A Blueprint for Our Cities

Supporting Commercial Property
& Entrepreneurship

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01

Introduction

The global Covid-19 pandemic, and subsequent economic impact, represents the biggest threat to our prosperity since World War 2. It is unlikely that we will see another major worldwide event of this magnitude in our lifetimes. The country is transforming at breakneck speed. We are seeing a clear societal shift in our values, belief systems and behaviours which will have a lasting impact.

Embracing Change looks at what these changes might mean for the built environment and the property industry. While it is too soon to say exactly what is going to happen in the aftermath of the pandemic, some early trends are emerging. This report is our first attempt to make sense of the new world that we are living in – and to kick off a debate about where our industry should focus in the future to deliver buildings, places, and cities that are dynamic, resilient and successful.

Methodology

Embracing Change has been compiled following extensive discussions with business leaders and influencers, from companies across a range of sectors and industries. All of these businesses are bound by either leasing offices, retail or industrial space or are leading property industry professionals. In all these discussions, our focus has been on how changes in values, behaviour and consumer trends will impact the places we live, work and visit.

We have spoken to businesses ranging in size from start-ups to global corporates, as well as key figures in the public sector including local and central government.

It is fair to say we have focused a considerable amount of energy on SME’s within this paper as they are the true lifeblood of every city.

In London micro businesses make up over 90% of all businesses and small businesses account for 7.4%. In Manchester 88% are micro businesses and in Birmingham 89%. Large businesses only account for a couple of percent of all businesses in most cities. Whilst much of what we have said in the report applies to businesses of all sizes, it is clear that we are witnessing shrinkage in large corporates in many sectors. SME’s will have to be the growth sector that creates the most jobs and opportunities.

We have used these discussions with key figures to think about how these ideas and observations can be translated and used within a regeneration and commercial property setting.

It became clear as we were writing this paper that our report is essentially a first attempt at a blue print for commercial property in cities. What we have reported will not work in all cities, but key elements can be applied and will create opportunities in many locations.

The purpose of this paper is to look in depth at:

- The impact of Covid-19 on political, economic and social trends.
- How people and businesses will use space in the future, and how expectations of design and development may change.
- The future of mixed-use developments and what communities are likely to demand from their high streets, neighbourhoods and cities.

It would have been impossible to cover every aspect of the issues affecting the property industry in the short timeframe and whilst events are still unfolding around us. We have therefore focused on the areas that we know best. Specifically, we have not touched on transport policy, the need for physical distancing and temporary interventions in the immediate term. It is not our area of expertise and there are many others better placed to comment.

We recognise that many businesses are, for now, fully focussed on the immediate challenges. Our aim has been to look beyond this, towards rebuilding for the future.

Innovating to Succeed

We are confident that if lockdown is relatively short, the wider UK property sector can ultimately emerge in fairly good health.

Many of our clients in other industries, however, are not in such a robust position. Many will struggle without reform and innovation being led from the front by the property sector. If we do not react, adapt our approach and seek to innovate and transform quickly it will impact on the future health of the property industry, and the wider economy, for generations to come.

Property and the built environment will be at the forefront of the national effort to get the country moving forwards.

We must view this situation as an opportunity and play a key role in helping to transform through our ability to create new concepts, great design and places. Many of the actions undertaken by our sector and policy makers will influence and determine how quickly the economy recovers.

Particularly in cities such as London, for many years it has been the norm to build a product and return a profit due to the scarcity across all forms of development. The industry has never really needed to fully understand the changes in norms, values and behaviour of society. We have been able to rely on sustained increases in land values, house prices and commercial rents. We may now be entering a period where this is no longer the case.

That being said, we have always had the ability to adapt to changing policies and the priorities of Government, such as the increase in social housing requirements and embracing infrastructure taxes such as Crossrail CIL.

This crisis will challenge our national economic prosperity and could potentially impact the viability of our sector if we do not understand the challenges faced by society and businesses. We need to embrace the emerging consensus around societal principles and focus on creating a fairer economy, stronger communities and new partnerships and relationships in a changing international landscape.

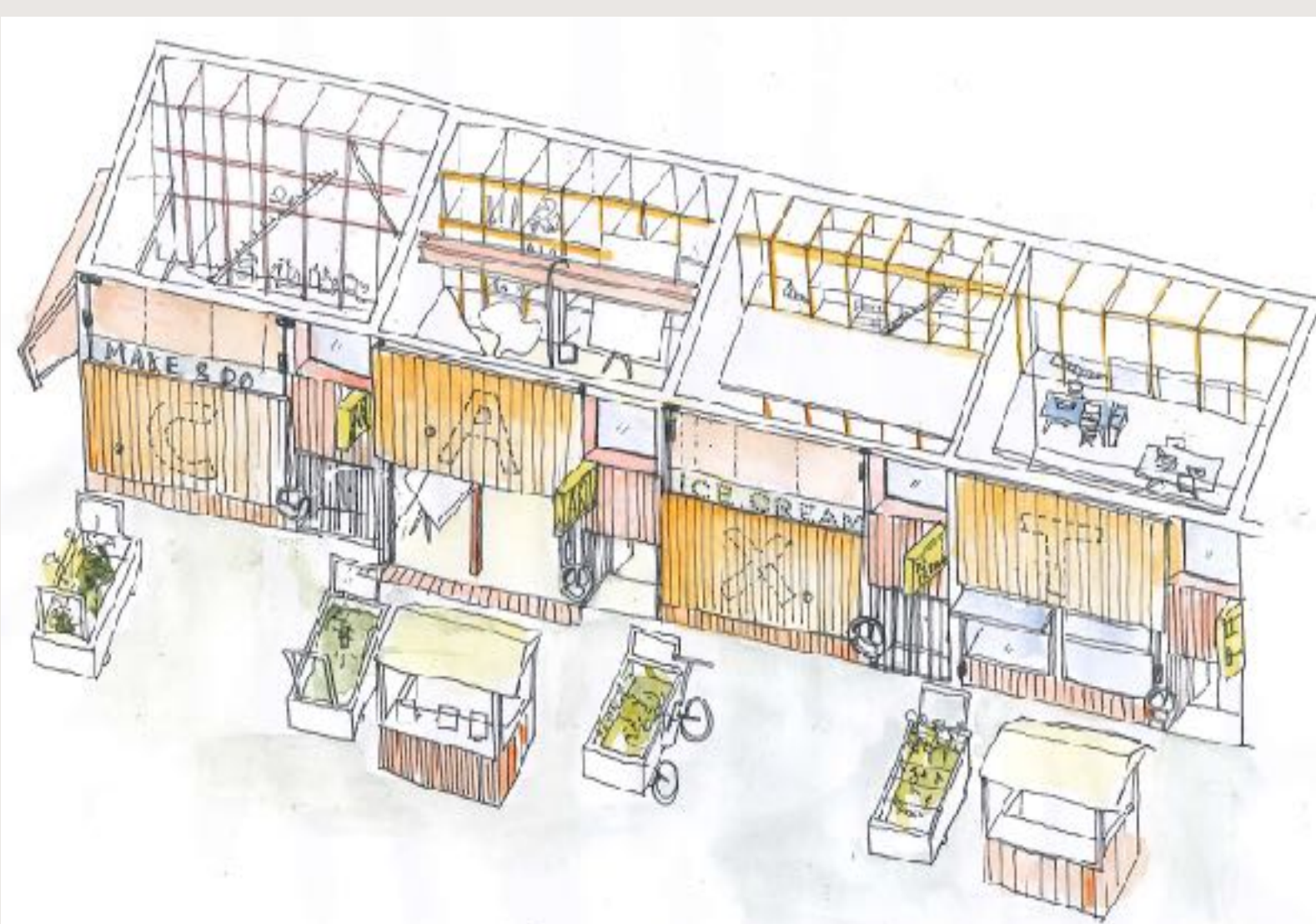


Image - Studio Egret West:

Exploring the potential for industry to be more integrated and friendly, and to create industrial neighbourhoods as places of choice where people will want to work and play.

02

Economic Outlook



The measures taken to tackle Covid-19 have resulted in a major global economic setback. To prepare for the future, all areas of the property sector will need to compromise and work together to secure the long term health of the industry – and to ensure that property and the built environment makes a full contribution to the national recovery.

We set out likely consumer trends – and ideas on how both local and national government, operators, and the property industry itself could respond.

Post-pandemic Trends:

- As with the period following the 2008 financial crash, businesses should expect **a period of rampant innovation**, and focus investment in new growth sectors.
- “Buy British” has become a matter of national pride and security. Consumers will reward businesses that **source resources locally**.
- There has been a dramatic change in the relationship between Government, business and society. Unprecedented interventions have kept businesses afloat and protected millions of jobs. “Key workers” have been celebrated. Consumers will expect businesses to make a **social and environmental contribution**, as well as an economic one.
- Car use has decreased, cutting air pollution; people have flooded into parks and green spaces, and rediscovered their local communities. There will be a **renewed appreciation of the local high street** and the businesses, including independent retailers, bars and restaurants, that form a part of community life.

Image - Studio Egret West:

Combining homes and light industry, a ‘pedestrian first’ working alley functions as a market-style, community-orientated street where the workshops have a strong and positive presence, and ties the buildings – and this new neighbourhood – together.

Key Findings:

- **In the immediate term, returning people to full time employment after the extended furlough period is seen as a priority.** Our panel largely agreed that this would be vital for a stable and smooth economic recovery. For the same reason, trying to avoid further furloughs and lockdowns was seen as important.
- **Business leaders predict lasting turbulence, even after the lockdown has ended.** Very few leaders predicted a 'V' shaped recovery, with the majority expecting a turbulent period with many peaks and troughs in the coming years.
- **Failing businesses models will adapt or fail.** Many leaders suggested that the Covid-19 crisis will accelerate the closure of businesses that have been in trouble for a long period of time. Investors will have to choose between keeping these businesses alive or investing in innovation.
- **The period following the 2008 financial crash provides clues as to what might happen after Covid-19.** Businesses should expect a period of rampant innovation – though growth sectors will not necessarily be what one would expect.
- **Even in the middle of a crisis, there is optimism about the future.** Some business leaders are hopeful that a period of fast-paced innovation will create economic growth and help to lessen the impact of businesses that fail as a result of the pandemic. This will require investment and a business-friendly regulatory environment.



Image - Studio Egret West:

Exploring the potential benefits that colleges and high streets might enjoy through enhanced interrelationships.

The Economic Outlook and Future Investment

Business leaders largely expect it to take a considerable amount of time for the economy to become stable again. This turbulence could last for as long as five years, as businesses and society in general struggle to battle back from lasting impacts of Covid-19.

All of the people we interviewed suggested that regular and sustained investment and intervention into certain sectors of the economy by the Government would be necessary to accelerate recovery. However, most also agreed that perpetually failing businesses should not be propped up and should be allowed to fail.

Failing businesses and business models will have to immediately adapt to survive. Whilst any economy would rather see failures spread out over a longer period of time, a shake out will lead to a healthier, higher functioning and more financially productive business base in the long run.

A further key point is that Covid-19 has led to the emergence of new trends and behaviours and also accelerated the impact of existing ones. This is particularly prevalent on the high street and in key areas of hospitality such as casual dining, where many national chains were already in difficulty due to long term changes in consumer behaviour.

Our panel largely agreed that investment into new opportunities and emerging business sectors, developed out of the white heat of innovation, will occur during this period of global disruption and uncertainty and these should be prioritised over businesses that would be being saved for saving sake.

Learning from the 2008 Financial Crash

We have looked at the period following the 2008 financial crash as a case study for what changed in business and entrepreneurship, and in society, in the decade that followed.

The aftermath of the financial crash ushered in a period of innovation. The collapse of businesses such as Lehman Brothers, for example, created the conditions that led to the birth of new industry sectors such as Fintech and the start of real professionalism in craft industries.

Since 2008 we can clearly map the growth of industries such as tech, creative industries and craft in the UK. This is particularly pronounced within sectors such as food and drink, which rapidly accelerated into established industries in a relatively short period of time.

As recently as 2008 London only had one independent craft brewery - Meantime in Greenwich. By 2010, breweries such as Beavertown and Fourpour had started to emerge, and by 2020 London's craft brewery sector had grown to 129 businesses employing thousands of people.

The gin industry had a similar trajectory; growing from 23 businesses in 2010 to 246 by the end of 2019, fuelled by consumer demand for locally sourced products produced by independent artisan businesses. The industry has become a major export success, generating £2.3 billion of sales in the UK and £730 million of exports per annum.

In 2008 Streetfood in the UK was essentially still the domain of burger vans on industrial estates. The mass movement that it has subsequently become did not really start until 2012.

Streetfood has now become a £1.2 billion pound industry within its own right in the hospitality sector.

Many of these businesses were created by people who decided upon a change in life direction - to build a new career of self employment and social impact.

1. Des De Moor - London Breweries - www.desdemoor.co.uk - February 2020
2. James Simmons - News Article - www.uhy-uk.com - June 2019
3. MCA Insight - Streetfood Report - www.mca-insight.com - August 2019

A great example of an industry that needed to innovate to survive was the banking sector itself. Fintech as a sector did not explicitly exist in 2008, and many of the early pioneer businesses were created by people who either voluntarily left big financial institutions or had lost their jobs due to the crash.

A striking factor of these Fintech businesses is that many have moved away from traditional banking practices and position themselves as a force for good in society. They have created positive companies and a sector that generates £6.6 billion per annum for the UK economy.

These businesses are more in tune with the way younger consumers think of capitalism and have sought to deliver social impact and an improved quality of life, alongside economic growth and profit.

Businesses such as AirBnB disrupted the hotel industry, creating a whole new market within tourism and establishing a new investment class for residential leasing.

Netflix disrupted the TV industry and created a brand-new model for how we access programmes and films, based on people’s preferences and consumed at personal convenience. This led to the creation of many new TV subscription services and will continue to see rapid growth.

Even prior to the pandemic there was strong demand for commercial space for TV and film businesses, along with the wider supply chain of industries that support them.

The UK now spends £3 billion on streaming services, plus the countless jobs and supply chain of businesses that support the industry.

Apps such as WhatsApp have changed the way we interact, converse and communicate. Whilst this may have reduced the need for physical meetings, it has never been easier to stay in touch. Consumers are always looking for new social media formats to converse and interact.

The contemporary craft industry, which contains much of what we today class as maker type businesses that are predominantly independent and produce small batch, artisan and bespoke products, has also grown exponentially since 2008 from circa £200 million to £743 million per annum by 2018. The wider craft industry and its contribution across all sectors of the economy is thought to generate a GVA of £3.398bn.

The creative industries have been the fastest growing sector of the UK economy since the crash and is worth over £101 billion per annum, up from £61.1 billion in 2008, and now accounts for almost 1 in 10 jobs in the UK.

Since 2008 the gig economy increased by 34 per cent to 4.8 million people. Up to one in seven working-age adults, which equates to 7.5 million people, have worked via a gig economy platform at some point.

The contribution of freelancers and the solo self-employed to the UK economy increased in 2017 to £271 billion. A major percentage of this growth has come through highly skilled people moving into self employment. The irony is not lost on us that this major societal shift in working practices may in fact be a legacy of innovation created post the financial crash.

Whilst we may have some elements of double counting in this report, due to the Government’s approach and classification of data sets, we have picked out certain sectors to highlight the point that we as a nation have always found ways to innovate, create new ideas and export our talent across the world.

1. Thomas Helm et al - UK Fintech State of the Nation - Dept. for International Trade - April 2019
2. KPMG / City of London - Value of Fintech - www.kpmg.com - October 2017
3. ONS - Labour Market Economic Commentary - www.ons.gov.uk - April 2020
4. Doreen Jakob & Nicola J. Thomas - Firing up Craft Capital - June 2015
5. Nesta / CIC - News Article - February 2018



Innovation will be the cure and the quickest route to economic recovery from the pandemic. This must be supported by the property industry to help new businesses secure space and start building the companies that will grow the economy and create employment. In later chapters we will consider what this might mean in practical terms, and the key sectors to watch.

Globalisation

The Covid-19 pandemic has highlighted to consumers the extent of our reliance on global supply chains. Many of our panellists hoped that new found national pride, and the need for national resilience, would consolidate a movement to “Buy British” and help rebuild our economy through the local sourcing of resources wherever possible, even if this results in a higher initial outlay and increased cost for consumers.

Many thought that this could help build a stronger industry in many sectors.

It is worth noting that those surveyed do not want to see economic and political policy veer towards protectionism. However, they could see benefits of using national resources first where possible. International trade will continue to be important and the UK Government should still play a global leadership role.

Using local resources such as food, fashion, manufacturing and construction will help the UK to manage carbon reduction and build a more sustainable green economy. With consumers making more of an effort to seek out environmentally friendly products and services, this would be popular and supported by the public and businesses alike.

Image - Studio Egret West:
Reinterpreting the traditional industrial architectural vocabulary, and speculating a new-industrial vernacular language befitting schemes of its nature.

Business, Government and Society

Throughout the Covid-19 crisis the Government has made unprecedented, costly interventions to keep businesses afloat and protect millions of jobs.

There has been a dramatic change in the relationship between Government and business – seemingly supported across the political spectrum. Alongside this, we have seen an outpouring of support for public services such as the NHS, and the role of “key workers” (in both the public and private sectors). These are trends likely to shape our politics in the near future.

Business leaders are conscious of the role of taxation in supporting economic recovery. Most felt, perhaps unsurprisingly, that low taxes would be necessary to accelerate growth, and that increased taxation would slow recovery by stifling entrepreneurship and business investment.

It was felt that a new consensus from businesses was emerging around staff welfare issues, particularly on topics such as the Living Wage. A low tax economy would enable businesses to fund and reward staff properly.

However, most leaders also agreed that funding for health, social care and the benefits system needed to be maintained to deliver a stronger fairer society.

Many argued that business and society would no longer tolerate waste and bureaucracy by Government of all tiers in a post pandemic world. It was felt that just as businesses will be called out for bad corporate practice, the Government will also face much more public scrutiny as to how finances are spent and used.

A key recurring theme was seeking to find a way of creating prosperity without relying upon growth as the sole measure of success.

Several business leaders and influencers wanted to see society embrace doughnut economics (which places economic growth within the context of social and environmental outcomes), in order to share wealth and resources more evenly within society.

Cities such as Amsterdam have been early adopters of actively embracing new economic thinking such as Kate Raworth’s ideas on how we live within cities. This approach explores new perspectives to ensure that cities are not just reliant upon maintaining relentless economic growth as the barometer of wealth and success. Instead, asks new questions and shares decision making, to enable a broader group of society to design new ways of sharing resources so they are distributed in a way that everyone benefits and thrives.

In Amsterdam we are not seeing capitalism overthrown, but in essence a new way of looking at policy and asking questions in how we design our cities and make better social policy for all people in society.

1. Kate Raworth – Doughnut Economics - Seven Ways to Think Like a 21st Century Economist - February 2017
2. Charles Eisenstein - What Kind of World Do You Want to Live In? - www.charleseisenstein.org - May 2019

03

Changing Values
& Trends

Key Findings:

- The Covid-19 pandemic is accelerating **existing trends and also driving new ones.**
- **The relationship between business, society and the state is changing.** The extraordinary action taken during the pandemic has led to an expectation that Government can and will intervene in the private sector when necessary.
- **Consumers and politicians increasingly expect business to make a wider contribution to society that is not merely economic.** The way businesses treat their staff, along with their contribution to the fight against climate change and local communities, will all drive where consumers choose to spend.

Changing Values

Our study suggests that the UK's values are changing at serious pace. This is a unique moment in time where society is challenging and re-evaluating our belief systems. This will in turn lead to changes in consumer behaviour. During Covid-19, we have seen that consumers are likely to reward businesses that are seen as making a wider contribution to society rather than simply economic; to actively seek out and champion British made products and services; and to value community, togetherness and the ability to spend leisure time within their local area.

All these trends will be familiar to business analysts – but have been accelerated by Covid-19 and the measures individuals have taken to stop the spread of the virus.

Business leaders universally agreed that an element of statism and Government intervention will be expected and valued for the short to medium term, whilst the country gets back on its feet.

Business leaders were interested in the opportunity to make capitalism work for everyone, but explicit in their preference for this to come about through evolution not revolution. Our panel believed that the population are coming to a new world view, describing stronger support for the collective over the individual.

Whilst business leaders hope for a society that continues to support entrepreneurialism and individual aspiration, there is a clear expectation that people will be seeking a fairer, more inclusive, economy.

Business leaders and owners expect to experience public pressure to help deliver that fairer economy – most obviously through decent wages and employment conditions, particularly for the lower paid. The “pandemic heroes” are supermarket cashiers and bus drivers as much as teachers and NHS nurses – and the public will expect to see a fair deal for these workers. We have pride in Britain – and want to have pride in Britain's companies.

Our panel described a real sense of pride in the way the UK has come together during the Covid-19 pandemic, and suggested that this has the potential to result in a more positive view of ‘British’, ‘local’ and ‘homegrown’ products, talent and services.

This view was particularly strong amongst creative businesses and influencers from the new economy. These businesses felt strongly that brand values will need to change significantly - particularly that of big businesses, corporates and multinationals.

Companies that demonstrate good corporate practices throughout the pandemic will be expected to maintain these in the future. Strong health and safety practices for staff; corporate donations and charity work will continue to be viewed positively and result in stronger brand engagement and support. Our panel felt that social media has helped to improve brand transparency.

Conversely, businesses that have been seen to be profiteering during the pandemic will face a significant consumer backlash, and potentially deserted by consumers when new brands or businesses are able to offer an alternative.

Community

Everyone we spoke to highlighted that community will become much more important to people post-pandemic. This will mean a push for the return of tangible neighbourhoods and stronger interactions between people in places; a desire for genuine connection with friends and family; and a need to feel a sense of belonging to the community.

People’s individual homes have become a sanctuary and a refuge from an increasingly dangerous world. We have seen a return to traditional pursuits such as craft, home cooking and gardening. Many people have found delight in self improvement and learning new skills.

Nature

It is also clear from monitoring social media trends and media commentary that many people have gained a greater appreciation of nature.

There has been a realisation that there is a real societal divide on issues such as access to outdoor space, particularly within the home, and that the lockdown has exacerbated the difference between the haves and the have nots without private gardens.

We have also developed a greater understanding of the impact that our consumerist behaviour has on nature and the planet.

Food

The pandemic has accelerated what was already a growing movement on food futures and how we manage to continue to provide food security for an ever increasing population and limit food waste.

Consumers are concerned about the role and relationships of food production and its provenance, alongside ensuring nothing goes to waste. Consumers are also more aware as to how much control is exerted over the means of production by a small number of global corporations and the pandemic has demonstrated this is not healthy or viable in the long term.

We are already witnessing small businesses innovate with food production and services. Consumers are keen to see ownership of production more widely spread, as society puts food security at the top of their priorities.

The support for this changing dynamic for food provenance and sustainability will enable innovation and opportunity for new green industries, through ideas such as growing underground or even on roof tops.

1. DEFRA - Food Statistics Pocketbook - March 2020
2. Carolyn Steel - Hungry City - How Food Shapes Our Lives - 2008

Predicting Consumer Trends

As society's values change, so will the ways in which people choose to spend their time and money. Based on our survey and the findings set out above, we predict the following consumer trends over the next five years:

- Food security, provenance and sustainability
- Independence and local
- Health, wellbeing and mindfulness
- Focus on British and local products
- Sustainability and green initiatives
- Community and social values
- Home as a sanctuary
- Products to maximise human utility
- Reduction in travel, particularly commuting
- Self improvement
- Home devices for Smart Cities

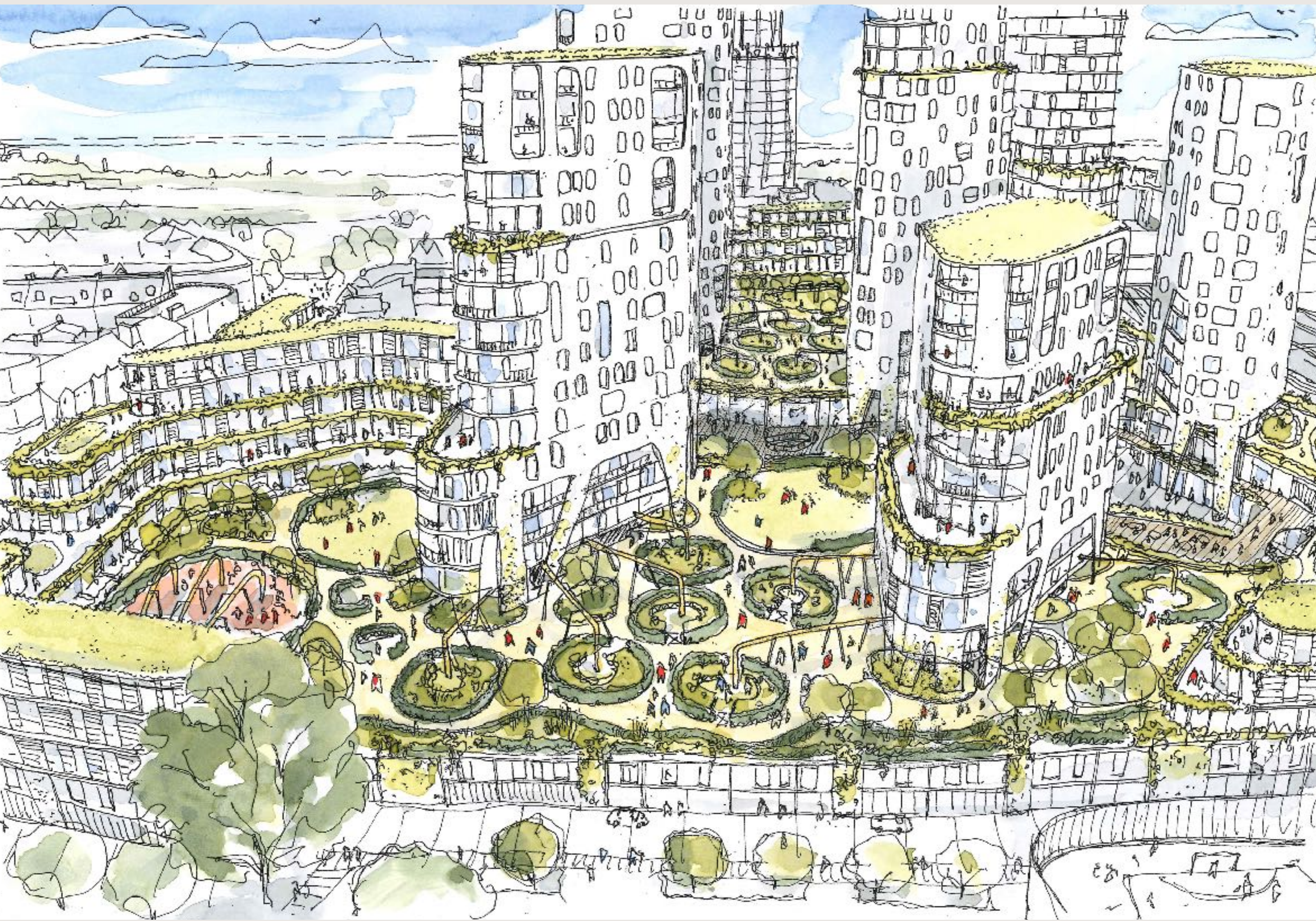


Image - Studio Egret West:

A multi-layered landscape approach responds to the challenges of high density mixed use schemes, and incorporates community allotments, herb gardens and fruit trees at podium level, intermediate levels and roof level, providing an opportunity for urban farming and creating a sense of participation and ownership.

04

Innovating to Address Changing Demands

Key Findings:

- There are three areas where developers are well placed to nurture and ultimately benefit from innovation - on **the high street, in workplaces and in the home**.
- **Innovation in these key areas will require a response from Government as well as developers** – often overhauling regulation designed for a previous era.

To address the changing demands of consumers, existing businesses will need to innovate and new businesses will emerge. Fortunately, the period following an economic shock is typically characterised by frenetic innovation.

There is no guarantee that the exponential growth of the last ten years will be enough to power recovery post Covid-19. In some of the sectors that boomed after 2008, growth has peaked. From now on they will make a smaller contribution to economic growth. The key is to explore which industries will become the new growth sectors, what type of space will be required to support these industries and what terms they will need to invest in both new and recycled commercial stock.

If craft alcohol, tech, streetfood, food and drink, health & wellbeing and craft products were the growth industries post the 2008 crash, what will be the new growth sectors post 2020?

What are the sectors that the property industry, and particularly those leasing space, should be looking for and what type of space will be needed?

From our conversations with business leaders and influencers, alongside our own research, we have identified the following sectors that are likely to be seeking commercial space or playing a major role in helping the high street and city centres to renew and rebuild:

- Green industries including tech
- Health, wellbeing and mindfulness
- Ingredients and resources to make produce at home
- Home as a sanctuary products and services
- Advanced manufacturing
- Health and safety products
- Research facilities
- Artisanal, craft and bespoke products
- New technology
- TV/film production and services

Whilst tech is a broad sector that encompasses virtually all industries in today’s economy, certain sub sectors such as social media, skill-sharing, upskilling, learning, self improvement platforms and platforms that improve business performance and productivity from home such as remote collaboration, will continue to innovate and meet consumer demands and offer growth in the sector.

These will be the businesses that fill commercial spaces, continue to grow and offer confidence to developers and the commercial leasing market in the coming years.

The current situation will certainly lead to micro-economies developing in a range of other industries and markets, where people needing employment will seek to disrupt or to capitalise on new opportunities based on their own personal expertise and need to work and earn an income.

Many entrepreneurs and newly unemployed will be surveying the situation and working out new opportunities and industries that are ripe for disruption and innovation, such as opportunities to bring back key elements of manufacturing onshore.

We also predict that there will be strong growth in traditional industries and sectors, particularly in areas that are relatively accessible to enter and where people can create micro businesses relatively easily.

It is our view this will translate to requirements for small retail spaces, micro workspaces, maker spaces, industrial units, members clubs and business lounges.

Certain elements of the high street have a major opportunity to build on increased consumer usage and recognition of independence, provenance and the brands and independent businesses with a high level of sustainability.

Covid-19 has put a critical spotlight on the UK's manufacturing shortcomings as well as a weakness in the Government's national industrial strategy. We predict it is unlikely that Governments of any hue will be content for the UK to be reliant on overseas supply chains to procure items and products of national interest.

If the UK wishes to avoid competing with other national Governments for critical products and supplies, they will need to start the process of rethinking our national industrial strategy, offering economic opportunity and growth potential across many sectors. Business leaders unanimously agreed that products and resources of national interest should be manufactured domestically where possible.

Most interviewed understood this was likely to be more expensive, but believed additional cost was justified to ensure national security and economic opportunity.

We believe a return to domestic manufacturing could create significant opportunity for the property industry and for businesses and entrepreneurs to make and supply products of national interest.

A resurgence in manufacturing and industry could provide the catalyst for regeneration and economic opportunity in underperforming UK regions, creating thousands of new jobs.

Tall Buildings

Skyscrapers have been dominant signs of success and signifiers of wealth in our cities for nearly 140 years, since the Home Insurance Building skyscraper was completed in Chicago in 1885. Recent surveys and reports looking at the future of offices, and indeed of sky scrapers, have revealed that businesses are looking to reduce commercial footprints to preserve cash and refocus business plans for the post Covid-19 world. Closely aligned is the fact that many workers now want to work from home more regularly, even post pandemic.

This will require the industry to re-examine the future of tall buildings and how we will use them going forward. The financial model will need to change along with the design, to allow a wider mix of uses and enable greater flexibility and the ability to adapt in the future. Workspace will change and innovate, and new tenures and opportunities will come along to replace existing models and business practices.

Skyscrapers and offices will not disappear, they will continue to perform the important role of being a workplace and enabling density in our cities, but they will be repurposed and adapt as they always have done. We need to find the recipe that balances uses with viability to continue to build these important buildings that create our skyline.

05

Embracing Change

Key Findings:

- The property industry is **uniquely placed to lead the economic fightback** - there is an opportunity to capitalise on the increased consumer appreciation of high streets and city centres to revitalise them and make them fit for purpose.
- We have an opportunity to revisit our **national, regional and local industrial strategies** and put in place the conditions to enable new onshore production, the creation of new businesses and economic clusters around products of strategic national importance.
- We have a major opportunity to put **food at the centre of regeneration**, building our cities and local plans to create jobs and entrepreneurship in this critical sector and ensure food security.
- Government of all tiers can **devise more relevant planning use classes for commercial property**, which reflect business needs and enables more imaginative uses for spaces.
- We have an opportunity to really **look at archaic practices, remove phrases such as 'landlord' and 'tenant'** from our lexicon and reshape the narrative, to clearly express that we are on the same team and need to work together.
- Unfortunately we will have lots of unemployment, and we need to **create the right conditions for people to build their own businesses** and opportunities and lease space.

The current situation offers our industry, government of all tiers, our clients and communities the chance to put in place a framework to enable the inevitable fast paced innovation we need to happen and provide the opportunity to create a better society for all.

As an industry working closely with the Government and our partners, we are uniquely placed at the heart of the economic fight back and have the opportunity to reshape the country and be at the forefront of innovation.

Many of our clients across different industries will not be in such a robust state.

They will need the support and innovation we can bring to these strange times.

This could include capitalising on the increased consumer appreciation of our high streets and city centres, and ensure we create the conditions for this to be maintained through new formats of retail and leisure that meet consumer demands.

The behaviours we have learnt during this enforced period, along with the skills and enjoyment of new pursuits that we have discovered, all create new opportunities for business and entrepreneurship.

The new values and societal shifts that have transformed our thinking on issues such as society, community, the collective and the individual have provided a pathway to build places with a more nuanced and balanced approach, which could genuinely create a fairer and stronger society where people can thrive.

The increased interest in independence, local and British provenance is a wonderful opportunity to put local, regional and the UK first in line for our onshore supply chains and maintain this national pride in a positive way. Now is the opportunity to move national pride away from being a political football and Brexit focused and transform it into products, services, consumer demand and a way of meeting green and sustainable targets.

This could become a new British standard and a new state of mind for everybody to use positively and deliver a real lasting legacy for the future of the country.

We have the opportunity to revisit national and regional and local industrial strategies. A list of important national resources and products would create the conditions and confidence for a new industrial revolution focused on products of national strategic importance, green technologies and food and drink.

For example, using British steel, enabling entrepreneurs to create new forestry for CLT or to create a national standard for cladding and then manufacturing it here in the UK. We could create new industrial clusters and opportunities across the country that will deliver major regional prosperity. We just need to create the right conditions for this to happen.

Local and national Government have an opportunity to put in place a better framework to make development happen and create better economic impacts. This could include creating more relevant planning use classes for commercial property that reflect business needs and putting in place a system that enables a more imaginative use of spaces rather than defaulting to type. We need a better framework to ensure our businesses and entrepreneurs can innovate and thrive in fit for purpose spaces.

Local Government have an opportunity to shape policy for new homes that will more neatly fit the way people want to live their lives, such as co-living, BTR, live work and homes that are beyond existing space standards. We have an opportunity to help people realise the dream of home ownership and reject visceral housing politics that we have seen played out for generations and have created dependency and imbalanced wealth in equal measures.

We have quickly become nation of food experts and cooks and therefore national, local and regional Government have an opportunity to harness this and use food as a pillar of regeneration strategies across the country to enable innovation, create jobs and businesses and ensure food security for all.

Developers have the chance to present new ideas and innovate to put the end user first, from new homes to smart offices, through to industrial estates, maker and green spaces.

We already have a clear idea of the fundamentals needed to create economic recovery and have access to great technology and new ideas. Now is the chance to collaborate and innovate and start the fight back and guide this towards a new form of economic prosperity. We have an opportunity to truly embrace Smart Cities and green technology to make better, healthier, sustainable and prosperous places that can thrive.

We have the opportunity to reform archaic practices such as phrases like 'landlord' and 'tenant' and demonstrate that we are all really on the same team with shared ambitions.

We can adopt better practices such as turnover rents and monthly payments, rather than the old systems that have caused so much financial pressure.

We will undoubtedly have lots of newly unemployed people, who will need to create opportunities for themselves and will frantically innovate and disrupt existing markets to create income and prosperity for their families.

It will be the role of Government and landlords to create the best possible conditions for entrepreneurs and new businesses to be able to start up and quickly access new premises and opportunities such as empty retail units, new maker spaces, office spaces or market stalls.

We have an opportunity to create a reformed system that helps new businesses and entrepreneurs to access space and not just rely on covenants and yields, but to actually to build new approaches that share risk and reward and create healthier businesses for all concerned.

Finally, we hope this document becomes a wider collaboration with more of our friends, collaborators, industry leaders and influencers and is essentially crowd sourced.

This will develop the report into something bigger and better that eventually becomes a book of ideas and real innovations that helps business, Government and the property world to create the kind of cities we all want to live in the future. Places that thrive, rather than merely grow.



Image - Studio Egret West:
Creating a green, sustainable community that place wellbeing at the forefront.

Ideas for policy makers

- Innovation in housing could see new models emerge that fit more neatly around people's lives. For example, many forward thinking companies see advantages to providing on-site housing for their employees. We cannot understand why local authorities are so opposed to this, particularly if this generates a quantum of affordable homes.
- Policy makers should also consider revisiting live / work homes and design a product that supports the huge rise in the UK's army of entrepreneurs, freelancers and small businesses. This would broaden the tenure mix of developments and create employment and opportunity particularly within mixed-use schemes.
- A new industrial revolution creating local and regional manufacturing clusters could lead to major regeneration in certain areas and regions. We have a once in a generation opportunity and a renewed purpose to revisit our National Industrial Strategy and really make it count. The creation of a list of products of national strategic importance would provide confidence for entrepreneurs and businesses to invest in new opportunities, to meet national demand and create major employment and regeneration.
- A UK-First procurement policy could support both existing and potential new industries, such as buying British steel or creating opportunities for new forestry projects for a British CLT product. We could even design and manufacture a new British standard of cladding. These are just a few examples of greater sustainability and shorter supply chains, building pride in British industry and creating economic opportunity.
- A redesign of the archaic and out of date planning use classes for commercial property could create a system that truly reflects the changes in business practices, and the innovation in how businesses use space, that has occurred since these classifications were first designed. The current use classes have remained broadly the same since 1990 and it is clear that these need to be urgently updated to reflect modern business practices.
- Reimagining the ground floor - both Councils and the development sector have an opportunity to be more imaginative on the ground floors of schemes to boost economic activity and create viable and sustainable places. At present we too often revert to the default position of seeking ever more retail. Commercial strategies for the ground floors and other commercial areas in schemes should become the norm. These strategies need to be joined up regionally, to ensure that we do not have the continued oversupply of certain tenures when the spaces could be put to better use.
- In high street and town centre locations, new ground floors of developments should not be included in the viability of schemes and could be zero rated, to help developers offer the space at more affordable rents. In locations where retail regularly fails, a variety of uses should be designed that still create activity at street level but through offering more productive and viable uses.
- To get empty spaces back into use, Local Authorities will need to support real flexibility around premises licensing and uses, (combined with rent-free periods and strong incentive packages from landlords).

- The value and impact of affordable workspace needs to be reconsidered and a new approach designed to ensure that the reduction in price is actually passed on to end users. Too often the supposed reduction does not reach early stage businesses and is retained by the operator in the middle. In addition to this many Boroughs affordable workspace strategies still have many arbitrary and ill considered policies, which actually create unfairness in the system and discount space to businesses that do not need reduced price workspace.
- Digital Architecture and Digital Masterplanning of new developments and places could play an important role in creating the right conditions for innovation and entrepreneurship and will help to deliver truly Smart Cities that boost economic activity and reduce digital poverty.
- Food strategies that provide clear policy for how we continue to feed our cities should be promoted. Food already plays a vital role in most of the great aspects of our cities. However, so much more could be done to ignite regeneration, regional and local Government should create food strategies to promote and coordinate local farming, leisure and hospitality; streetfood and markets, food manufacturing and retailing to boost economic opportunity and regeneration.
- Street markets could become a critical entry level opportunity for the unemployed and new entrepreneurs, to create new micro businesses and test ideas in affordable setting with a ready made audience of potential customers. We feel incentive and support packages should be offered to help new businesses get started.

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A Note from Andrew

This piece of work started as a one page paper for a client who was concerned about pressing the go button on a scheme. Questions arose around how to build a commercial scheme in the current climate, how to make something that would be viable and how to fill it with businesses in a post Covid-19 world. It was meant as a confidence booster to demonstrate that recovery from an economic crash will happen and in fact would create some positive outcomes, and that past experience demonstrated a period of fast paced innovation was inevitable.

This eventually became a much longer piece of work which has been inspired by the positive change in societal values that we have observed, and how we can harness this to emerge from lockdown with much more equitable cities. With some structural changes and putting in place a better framework for innovation, we have a great opportunity to deliver lasting change. We wanted to highlight our enjoyment of working with so many wonderful characters and businesses who generate so much in terms of wealth, ideas, employment and creating things that we all love. I hope this paper can help them to continue to create great places and making products and services in a better designed framework.

We would especially like to thank the contribution of all the business leaders, entrepreneurs, influencers and key government figures that agreed to be interviewed for this paper, especially during this surreal period, taking time away from their businesses and organisations often whilst under intense pressure. We cannot wait to see what you come up with in the future and we know you will be at the forefront of leading the recovery through innovation and creating better places for everyone.

I would also like to thank David and Christophe who have been long term collaborators and are two of the most energetic and inspiring people I know. Their input has been vital and we look forward to continuing to collaborate and build amazing ideas, narratives and buildings in the new post Covid-19 world.

I would also like to thank Peter George, Director of the Meridian Water project at Enfield Council, for a robust critique and the offering of wise words and advice.

Lastly, I need to thank my mentor and a constant champion over the last 15 years Stephen McDonald, Executive Director of Regeneration at Barnet Council, for the great guidance and confidence to publish this piece of research.

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